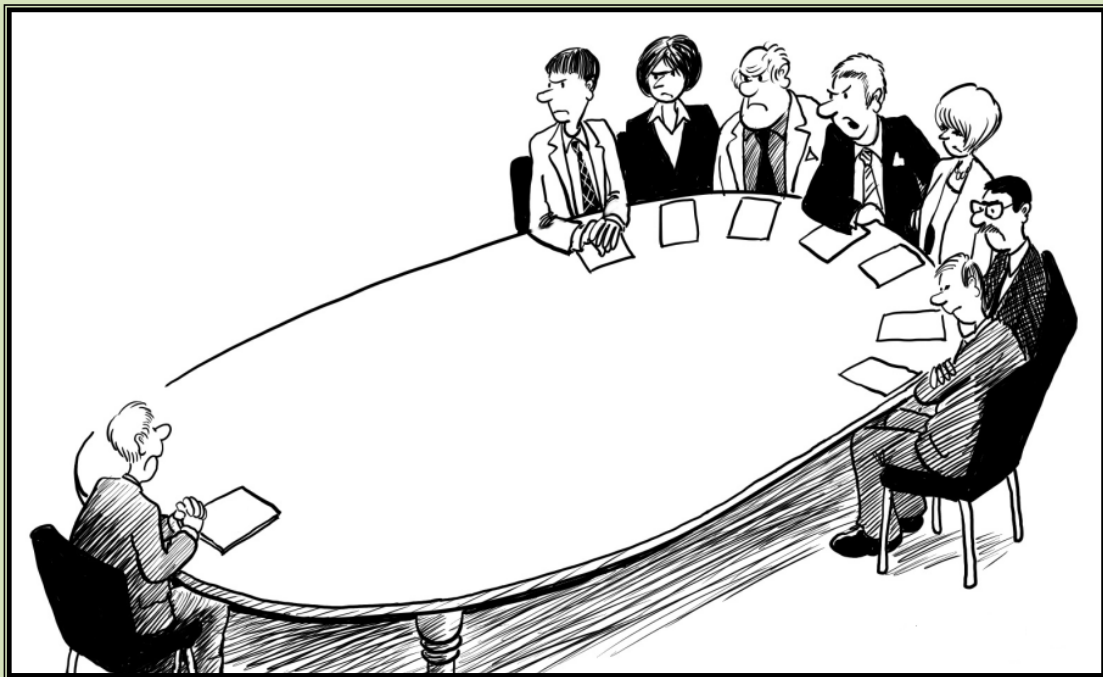


# NPO GOVERNANCE TOOL BOX SERIES

Vol. 3, Issue 1, Feb. 2013

For private circulation only

## BOARD EVALUATION



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- Notice
- Setting the Agenda
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- Following up on Decision
- Evaluating a Board Member

## **Vol 7. Creating a Board Manual**

- Need for the Board Manual
- Organization Essentials
- Board Structure and Processes
- Board – ED Relations
- Executive Parameters
- Review of Board Manual

# BOARD EVALUATIONS

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## BOARD EVALUATION

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### 1. INTRODUCTION

As discussed previously, the Board is the final and highest decision-making body within an organization. Mandatorily, it is required that every organization has a duly constituted Board. However, in actual practice it has been seen that while some Boards work in a very effective manner, there are others who exist for the sake of records. These are the two extreme scenarios in Non-Profit Organizations. In the previous chapters, we have already discussed about the benefits of having an effective and pro-active Board. A regular, well-structured Board evaluation process helps in enhancing efficiency and effectiveness. However, it is important to have a clear political will at the highest leadership level to implement a Board evaluation process.

## **2. WHY SHOULD A BOARD UNDERTAKE EVALUATION?**

- Reviewing the past performance of the Board as a whole and of individual Board members
- Examine what has changed in the external environment that shapes the work of the NPO and the Board – for example; Are there new risks that threaten the NPO, like change in legal framework, resource crunch, etc?
- Looking at what can be done to improve the way the Board functions and conducts meetings
- Making future plans based on realistic assessment of what has happened in the past

There are no legal or statutory compulsions on the part of the Board to undertake its own evaluation. However, for a learning and pro-active Board, it always adds value to its functioning and effectiveness to evaluate itself. Further, it also needs to be recognized that the Board being part of the organization also faces challenges from external as well as internal environment, from time to time. At the same time, with the growth of the organization it becomes necessary for the Board to review itself in order to ensure that it is equipped in terms of the systems and processes to meet the governance requirements of the organization.

As the organization grows in terms of team size, project size and capacity; the organization's need for effective governance and management also increases. The Board needs to keep pace by examining the organization's mission, objectives and processes. Some Boards function well, while some others suffer from lack of shared vision. Board members may also have different perceptions about the organization's purpose.

Increasingly, Boards are turning to self-assessment as an indispensable governance tool. Self-assessment gives the Board an opportunity to deal with crucial issues like internalizing the vision and mission within the Board members. In addition to allowing the Board to reflect on how well they are meeting their responsibilities, self-assessment exercise helps the Board focus on integral aspects of their work—from strategic planning and oversight to resource mobilization and reaching out to various new partners. Self-assessments help the Board in channeling their focus to governance issues. It can lead to a more engaged and performing Board. In short, self-evaluation process serves as a tool to check the overall effectiveness of the Board by identifying and narrowing down the gap between the objectives laid down in the Byelaw/ Trust Deed of an organization and the actually achieved goals.

## **3. TYPES OF BOARD EVALUATION**

The Board Evaluation can take place at two levels. At the first level, it can be at the Board members' effectiveness, at an individual level. At the second level, it is the evaluation of the Board as a corporate body.

### **3.1. BOARD MEMBERS' SELF-EVALUATION**

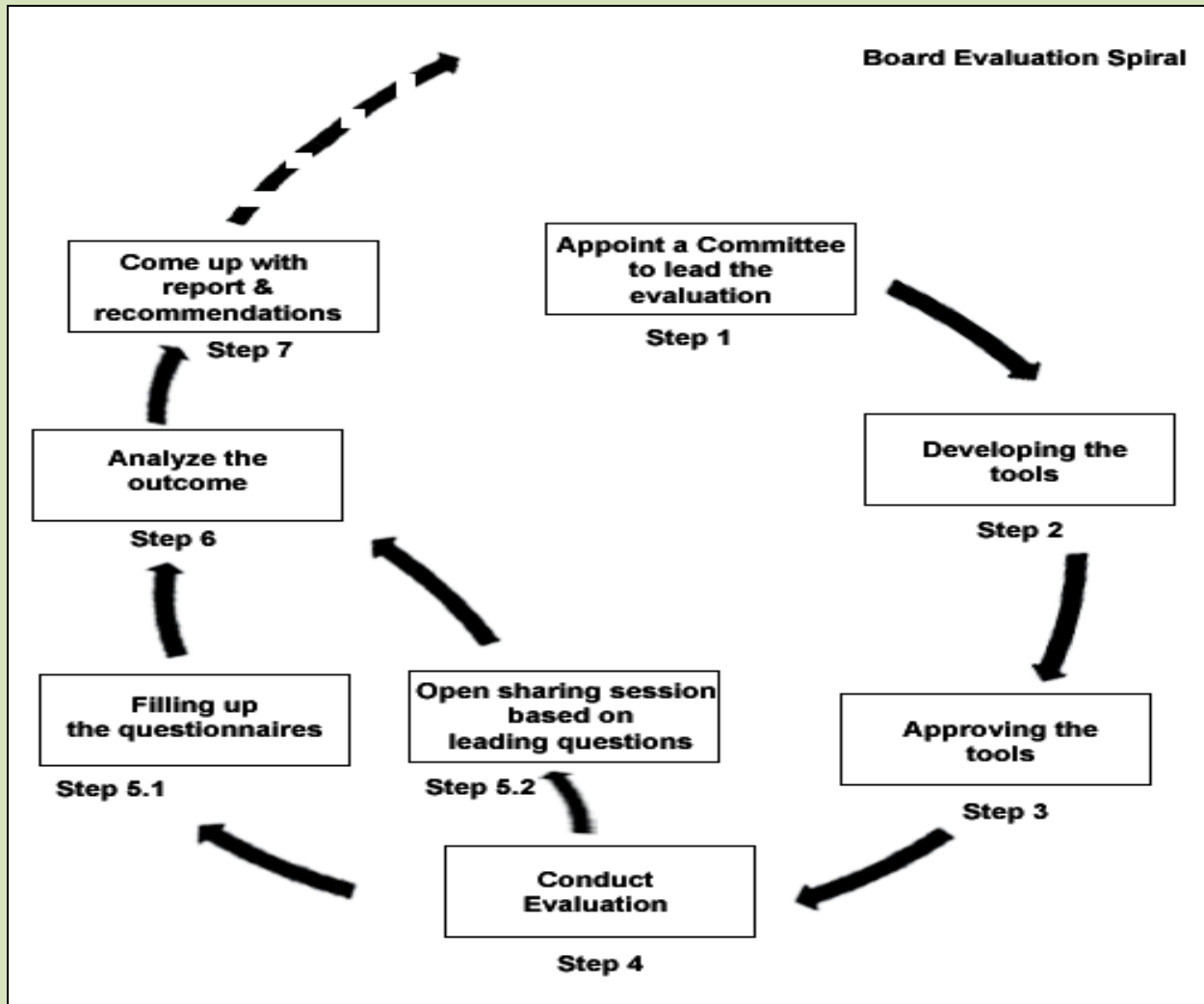
The process requires members to assess themselves in respect of their effectiveness. Self evaluation is like introspection of oneself. Usually, it is effective where it is not possible for all members to come together at one time for group evaluation. It is cost effective as compared to group evaluation where the group needs to come together. However, the drawback in this form of evaluation is the possibility on the part of the individual to provide incorrect assessment and can be quite subjective. A template of the evaluation tool is given in the *Annexure A*.

### **3.2. EVALUATION OF A BOARD AS A CORPORATE BODY**

Conducting a Board evaluation is difficult. It is important to allow sufficient time for such evaluation process. The most important aspect of an evaluation process is to decide what is to be evaluated. Each group may want to evaluate something different.

A good practice for conducting an evaluation is to appoint a Committee to lead the evaluation process. Sometimes an external professional is hired to bring in the necessary independence and expertise. Before conducting the evaluation, it is important to develop the necessary evaluation instrument. Generally, the evaluation instrument is a set of questions or a questionnaire focusing on efficiency and effectiveness of Board functioning, Committees, relationships among Board Members and CEO. A model template is enclosed as *Annexure B*.

After the evaluation instrument is finalized, the next step is to conduct the evaluation. Sometimes the evaluation is conducted in an extended executive session of the Board which is attended only by the Board members. There are two stages to the evaluation process. In the first stage, the Board members are asked to fill in the questionnaire, individually. After filling up the questionnaire, it is collected by the evaluators. Then in the second stage, there is discussion based on certain leading questions. The leading questions are based on the decisions and discussions that took place in the Board during the past period. These can be collected from the minutes of the Board meetings, other relevant files, documents, etc. This session is moderated by the evaluators. At the end of the second stage, the evaluation Committee sits together and analyzes the questionnaires as well as outcome of the discussion. Then the evaluation Committee comes up with a short report and key recommendations which is presented in the next Board meeting and necessary decisions are taken to implement the recommendations. Primarily, the responsibility to implement the recommendations is with the Board Chair.



**Figure 1: Board Evaluation Spiral**

#### **4. CERTAIN OTHER EVALUATION PROCESSES USED**

Apart from the above process as described in 3.2, sometimes some other processes are also used. They are:

- Engaging with staff to assess their view on the effectiveness of the Board
- Engaging with various stakeholders .i.e. donors, community and other related organizations to obtain their views

## 5. WHEN TO CONDUCT BOARD EVALUATION

It is ideal to conduct Board Evaluations on a yearly basis. However, in certain organizations it may not be practical to undertake such evaluations every year. In that case assuming that the term of the Board is for three years, one can decide to conduct a mid-term evaluation at the end of one and half years. A mid-term evaluation provides an opportunity to the Board to assess its effectiveness and take necessary measures to change and adapt the recommendations of the mid-term evaluation. At the end of three years a final evaluation can be conducted.

## 6. CONCLUSION

The Board evaluation process, reinforces accountability of the members to the organization, the greater community served and the resources generated and utilized.

Board evaluation aims to help a Board do its job better by improving members' understanding of their roles and responsibilities. It can help the Board become a stronger team, improve their decision-making process and most importantly increase their accountability and effectiveness towards the organization

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***Watch out for the next issue on “CEO Performance Appraisal”***



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## SELF-EVALUATION FORM

Sl. No.	Particulars	Yes	No
1.	I have attended all Board/Society meetings.		
2.	I have prepared myself well before attending meetings.		
3.	I have attended the Sub-Committee meetings of the Board where I have been invited to serve.		
4.	I have the required knowledge of the organization's core activities and objectives.		
5.	I have contributed to the organization by:		
	1) Serving in Committees		
	2) Raising resources		
	3) Promoting the organization at various forums		
	4) Visited project areas		
	5) Providing technical inputs in my area of expertise		
6.	I have actively participated in meetings.		
7.	I have been a part of policy making in the organization.		

## Section A

## BOARD EVALUATION FORM

Sl. No.	Particulars	5 Very High	4 High	3 Moderate	2 Poor	1 Very Poor
1.	Board understands its roles and responsibilities.					
2.	Board members have in depth understanding of mission and purpose of the organization.					
3.	Structure of the Board (Office bearers, Committees, Senior Staff) is clear.					
4.	All policy level decisions are taken by the Board.					
5.	Board monitors program and Budgets periodically.					
6.	Board is involved in resource mobilization.					
7.	Board represents the organization at various forums.					
8.	Board meetings agenda is structured around strategic and organizational issues.					
9.	Board evaluates the performance of Executive Director.					
10.	All necessary skills and diversity are represented in the Board.					

**Section B**

**Please list three to five points on which you believe the Board should focus its attention in the coming year. Please be specific.**

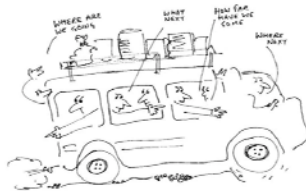
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## INTERPRETING RESULTS

<b>Score</b>	<b>Interpretation</b>	<b>Action Taken</b>
40 and More	Highly Effective	Well Done. Keep it up
30 to 40	Effective	Can still do better
20 to 30	Average	Identify areas to work further
Below 20	Poor	Require serious intervention

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